

Consolidated Financial Statements

Consolidated Balance Sheet

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
March 31, 2023

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
PROPERTY (Note 5):			
Plant and equipment	¥ 11,577,785	¥ 11,118,905	\$ 86,699,010
Construction in progress	248,184	538,837	1,858,504
Total	11,825,970	11,657,743	88,557,514
Less:			
Contributions in aid of construction	241,929	238,967	1,811,662
Accumulated depreciation	7,883,479	7,770,903	59,034,595
Total	8,125,409	8,009,870	60,846,258
Net property	3,700,561	3,647,872	27,711,256
NUCLEAR FUEL	224,372	222,399	1,680,186
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3, 6 and 20)	113,306	103,802	848,482
Investments in and advances to nonconsolidated subsidiaries and affiliated companies (Notes 3 and 20)	209,352	184,479	1,567,715
Assets for retirement benefits (Note 9)	12,537	26,623	93,886
Deferred tax assets (Notes 3 and 12)	172,337	140,727	1,290,529
Special account related to nuclear power decommissioning (Note 2.h)	35,041	39,544	262,402
Special account related to reprocessing of spent nuclear fuel (Note 2.o)	116,295	94,874	870,869
Other (Note 3)	158,113	149,837	1,184,014
Total investments and other assets	816,984	739,889	6,117,901
CURRENT ASSETS:			
Cash and cash equivalents (Note 20)	270,651	241,756	2,026,743
Receivables (Notes 14 and 20)	369,244	331,089	2,765,047
Allowance for doubtful accounts	(3,581)	(4,977)	(26,818)
Inventories, principally fuel	159,420	101,699	1,193,802
Prepaid expenses and other	66,026	62,621	494,430
Total current assets	861,761	732,189	6,453,205
TOTAL	¥ 5,603,678	¥ 5,342,350	\$ 41,962,548

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
LONG-TERM LIABILITIES:			
Long-term debt, less current portion (Notes 8 and 20)	¥ 3,405,775	¥ 3,149,232	\$ 25,503,788
Liability for retirement benefits (Note 9)	80,761	85,946	604,774
Asset retirement obligations (Note 10)	297,367	289,103	2,226,808
Other	62,016	58,690	464,402
Total long-term liabilities	3,845,921	3,582,972	28,799,773
CURRENT LIABILITIES:			
Current portion of long-term debt (Notes 8 and 20)	437,071	384,285	3,272,963
Short-term borrowings (Notes 11 and 20)	124,530	120,810	932,536
Commercial paper (Note 20)	40,000		299,535
Notes and accounts payable (Notes 18 and 20)	210,872	224,255	1,579,098
Accrued income taxes	3,301	3,274	24,725
Provision for loss on the Antimonopoly Act (Note 2.s)	2,762		20,684
Other	319,467	342,800	2,392,295
Total current liabilities	1,138,006	1,075,425	8,521,840
RESERVE FOR FLUCTUATIONS IN WATER LEVEL (Note 2.t)	2,519	7,613	18,869
COMMITMENTS AND CONTINGENCIES (Note 22)			
EQUITY (Note 13):			
Common stock—authorized, 1,000,000,000 shares; issued, 474,183,951 shares	237,304	237,304	1,777,032
Class A preferred stock—authorized, 1,000 shares; issued, 1,000 shares			
Capital surplus	120,006	120,006	898,653
Retained earnings	209,734	277,382	1,570,571
Treasury stock—at cost, 1,416,422 shares in 2023 and 1,463,267 shares in 2022	(1,651)	(1,706)	(12,365)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	5,828	4,104	43,649
Deferred gain on derivatives under hedge accounting	11,150	4,723	83,500
Foreign currency translation adjustments	6,455	(1,383)	48,344
Defined retirement benefit plans	(6,765)	5,066	(50,660)
Total	582,064	645,497	4,358,724
Noncontrolling interests	35,166	30,840	263,340
Total equity	617,230	676,337	4,622,064
TOTAL	¥ 5,603,678	¥ 5,342,350	\$ 41,962,548

Consolidated Statement of Operations

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
OPERATING REVENUES (Note 14):			
Electric	¥ 1,946,737	¥ 1,486,155	\$ 14,577,936
Other	274,563	257,154	2,056,036
Total operating revenues	2,221,300	1,743,310	16,633,973
OPERATING EXPENSES (Note 15):			
Electric	2,041,909	1,452,544	15,290,618
Other	252,389	242,141	1,889,993
Total operating expenses	2,294,299	1,694,685	17,180,612
OPERATING (LOSS) INCOME	(72,998)	48,624	(546,638)
OTHER EXPENSES (INCOME):			
Interest charges	27,936	25,043	209,202
Gain on sales of investment securities (Note 6)	(11,280)		(84,469)
Loss on impairment of fixed assets (Note 16)		3,536	
Loss on reimbursement of electric imbalance revenues (Note 17)		3,955	
Loss on the Antimonopoly Act (Note 2.s)	2,762		20,684
Share of profit of entities accounted for using the equity method (Note 18)	(9,096)	(7,617)	(68,119)
Other —net	(5,204)	(1,186)	(38,970)
Other expenses—net	5,118	23,731	38,327
(LOSS) INCOME BEFORE INCOME TAXES AND REVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	(78,116)	24,892	(584,966)
RREVERSAL OF RESERVE FOR FLUCTUATIONS IN WATER LEVEL	5,093	654	38,144
(LOSS) INCOME BEFORE INCOME TAXES	(73,022)	25,546	(546,821)
INCOME TAXES (Note 12):			
Current	6,180	8,842	46,282
Deferred	(24,716)	7,935	(185,086)
Total income taxes	(18,535)	16,778	(138,803)
NET (LOSS) INCOME	(54,486)	8,768	(408,018)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	1,942	1,895	14,545
NET (LOSS) INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ (56,429)	¥ 6,873	\$ (422,563)
	Yen		U.S. Dollars
	2023	2022	2023
PER SHARE OF COMMON STOCK (Note 2.w):			
Basic net (loss) income	¥ (123.81)	¥ 10.09	\$ (0.92)
Cash dividends applicable to the year:			
Common share		40.00	
Class A preferred share		2,100,000.00	

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
NET (LOSS) INCOME	¥ (54,486)	¥ 8,768	\$ (408,018)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23):			
Unrealized gain on available for sale securities	1,051	1,145	7,875
Deferred gain on derivatives under hedge accounting	2,743	264	20,542
Foreign currency translation adjustments	6,623	3,109	49,600
Defined retirement benefit plans	(12,166)	533	(91,108)
Share of other comprehensive income in nonconsolidated subsidiaries and affiliated companies	6,047	1,584	45,284
Total other comprehensive income	4,299	6,637	32,195
COMPREHENSIVE (LOSS) INCOME	¥ (50,187)	¥ 15,405	\$ (375,822)
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ (52,268)	¥ 13,314	\$ (391,408)
Noncontrolling interests	2,081	2,091	15,585

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2023

	Thousands of Shares / Millions of Yen														
	Common Stock		Class A Preferred Stock		Capital Surplus	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount			Shares	Amount	Unrealized Gain on Available-for-Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE AT APRIL 1, 2021	474,183	¥237,304	1		¥120,007	¥290,381	1,158	¥(1,454)	¥3,704	¥3,495	¥(5,169)	¥4,037	¥652,307	¥29,162	¥681,470
Cash dividends, ¥37.5 per common share						(17,772)							(17,772)		(17,772)
Cash dividends, ¥2,100,000 per Class A preferred share						(2,100)							(2,100)		(2,100)
Net income attributable to owners of the parent						6,873							6,873		6,873
Purchase of treasury stock							342	(299)					(299)		(299)
Disposal of treasury stock						(0)	(37)	47					46		46
Net change in the year									400	1,227	3,785	1,028	6,441	1,677	8,119
BALANCE AT MARCH 31, 2022	474,183	237,304	1		120,006	277,382	1,463	(1,706)	4,104	4,723	(1,383)	5,066	645,497	30,840	676,337
Cash dividends, ¥20.0 per common share						(9,478)							(9,478)		(9,478)
Cash dividends, ¥1,050,000 per Class A preferred share						(1,050)							(1,050)		(1,050)
Net loss attributable to owners of the parent						(56,429)							(56,429)		(56,429)
Purchase of treasury stock							8	(7)					(7)		(7)
Disposal of treasury stock						(0)	(55)	62					61		61
Adjustment of retained earnings for inclusion of companies accounted for by the equity method						(690)							(690)		(690)
Net change in the year									1,724	6,427	7,839	(11,831)	4,160	4,325	8,486
BALANCE AT MARCH 31, 2023	474,183	¥237,304	1		¥120,006	¥209,734	1,416	¥(1,651)	¥5,828	¥11,150	¥6,455	¥(6,765)	¥582,064	¥35,166	¥617,230

(Continued)

Consolidated Statement of Changes in Equity

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2023

	Thousands of U.S. Dollars (Note 1)											
	Common Stock	Class A Preferred Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income				Total	Noncontrolling Interests	Total Equity
						Unrealized Gain on Available for Sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans			
BALANCE AT MARCH 31, 2022	\$1,777,032		\$ 898,659	\$2,077,146	\$ (12,779)	\$ 30,735	\$ 35,368	\$ (10,363)	\$ 37,936	\$4,833,736	\$ 230,947	\$5,064,684
Cash dividends, \$0.14 per common share				(70,977)						(70,977)		(70,977)
Cash dividends, \$7,862.81 per Class A preferred share				(7,862)						(7,862)		(7,862)
Net loss attributable to owners of the parent				(422,563)						(422,563)		(422,563)
Purchase of treasury stock					(52)					(52)		(52)
Disposal of treasury stock			(5)		466					460		460
Adjustment of retained earnings for inclusion of companies accounted for by the equity method				(5,170)						(5,170)		(5,170)
Net change in the year						12,913	48,131	58,707	(88,596)	31,155	32,392	63,548
BALANCE AT MARCH 31, 2023	\$1,777,032		\$ 898,653	\$1,570,571	\$ (12,365)	\$ 43,649	\$ 83,500	\$ 48,344	\$ (50,660)	\$4,358,724	\$ 263,340	\$4,622,064

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2023

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) income before income taxes	¥ (73,022)	¥ 25,546	\$ (546,821)
Adjustments for:			
Income taxes paid	(7,844)	(15,131)	(58,742)
Depreciation and amortization	221,013	225,293	1,655,034
Loss on impairment of fixed assets		3,536	
Decommissioning costs of nuclear power units	12,859	11,431	96,298
Amortization of special account related to nuclear power decommissioning	4,503	2,381	33,725
Loss on disposal of plant and equipment	5,725	7,188	42,878
Reversal of reserve for fluctuation in water level	(5,093)	(654)	(38,144)
Share of profit of entities accounted for using the equity method	(9,096)	(7,617)	(68,119)
Gain on sales of investment securities	(11,280)		(84,469)
Loss on reimbursement of electric imbalance revenues		3,955	
Loss on the Antimonopoly Act	2,762		20,684
Changes in assets and liabilities:			
Increase in trade receivables	(18,203)	(30,070)	(136,318)
Increase in inventories, principally fuel	(57,587)	(31,252)	(431,237)
(Decrease) increase in trade payables	(238)	66,058	(1,782)
Decrease in liability for retirement benefits	(3,509)	(3,002)	(26,279)
Decrease (increase) in other receivables	12,432	(20,080)	93,102
Increase or decrease in consumption taxes payables or receivables	(28,927)	(703)	(216,618)
(Decrease) increase in accrued expenses	(19,829)	14,695	(148,489)
Other—net	5,839	6,235	43,730
Total adjustments	103,527	232,264	775,253
Net cash provided by operating activities	30,504	257,811	228,431

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2023	2022	2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures including nuclear fuel	(337,465)	(318,067)	(2,527,074)
Proceeds from contribution in aid of construction	23,810	28,128	178,305
Payments for investments and advances	(26,975)	(26,816)	(202,002)
Proceeds from sales of investment securities and collections of advances	15,189	5,258	113,747
Other—net	(3,434)	(9,382)	(25,717)
Net cash used in investing activities	(328,874)	(320,879)	(2,462,742)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of bonds	259,423	259,162	1,942,661
Repayments of bonds	(160,000)	(145,000)	(1,198,142)
Proceeds from long-term loans	395,545	280,196	2,962,003
Repayments of long-term loans	(199,381)	(246,547)	(1,493,045)
Net increase (decrease) in short-term borrowings	3,716	(2,298)	27,832
Net increase (decrease) in commercial paper	40,000	(40,000)	299,535
Cash dividends paid	(10,554)	(19,821)	(79,032)
Other—net	(3,979)	(6,263)	(29,800)
Net cash provided by financing activities	324,770	79,428	2,432,011
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,002	1,430	14,994
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,403	17,790	212,696
CASH AND CASH EQUIVALENTS OF A NEWLY CONSOLIDATED SUBSIDIARY, BEGINNING OF YEAR		63	
CASH AND CASH EQUIVALENTS OF A NONCONSOLIDATED SUBSIDIARY MERGED WITH A CONSOLIDATED SUBSIDIARY	491		3,683
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	241,756	223,901	1,810,363
CASH AND CASH EQUIVALENTS AT END OF YEAR	¥ 270,651	¥ 241,756	\$ 2,026,743

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Kyushu Electric Power Company, Incorporated and Consolidated Subsidiaries
Year Ended March 31, 2023

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Kyushu Electric Power Company, Incorporated (the "Company") has prepared the accompanying consolidated financial statements in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act, the Electricity Business Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. Especially, the accounting related to the nuclear power generation is regulated by the above accounting regulations, which are dependent on a governmental long-term nuclear energy policy.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the consolidated financial statements for the year ended March 31, 2022, to conform to the classifications used in the consolidated financial statements for the year ended March 31, 2023.

The U.S. dollar amounts included herein are provided solely for the convenience of readers outside Japan and are stated at the rate of ¥133.54 = U.S.\$1, the approximate exchange rate prevailing on March 31, 2023. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Japanese yen figures less than a million yen are rounded down to the nearest million yen, except for per share data. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation and Application of the Equity Method—The consolidated financial statements as of March 31, 2023, include the accounts of the Company and its 51 (48 for 2022) subsidiaries (together, the "Group"). All significant intercompany transactions and balances have been eliminated in consolidation. Investments in 19 (19 for 2022) nonconsolidated subsidiaries and 28 (26 for 2022) affiliated companies are accounted for by the equity method.

The Company adopts the control and influence concepts. Under these concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are treated as subsidiaries and those companies over which the Group has the ability to exercise significant influence are treated as

affiliated companies.

Consolidation of the remaining subsidiaries and the application of the equity method to the remaining affiliated companies would not have a material effect on the accompanying consolidated financial statements.

The fiscal year-end of 12 (11 for 2022) consolidated subsidiaries and several nonconsolidated subsidiaries and affiliated companies is December 31. The Company consolidates such consolidated subsidiaries' financial statements and accounts for investments in such nonconsolidated subsidiaries and affiliated companies by the equity method using their financial results for the year ended December 31. The effects of any significant transactions during the period between the subsidiaries' and affiliated companies' fiscal year-end and the Company's fiscal year-end are reflected in the consolidated financial statements.

b. Business Combination—Business combinations are accounted for using the purchase method.

Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

c. Property and Depreciation—Property is stated at cost. Contributions in aid of construction including those made by customers are deducted from the cost of the related assets.

Depreciation is principally computed using the straight-line method based on the estimated useful lives of the assets. Depreciation of easements related to transmission lines is computed using the straight-line

method based on the estimated useful lives of the transmission lines.

Under the accounting regulations applicable to electric utility providers in Japan, properties, which are required for decommissioning of nuclear power units or which need maintenance and management even after nuclear power units have been in the process of decommissioning, are to be included in "Plant and equipment."

d. Leases—Finance lease transactions are capitalized to recognize lease assets and lease obligations in the balance sheet. All other leases are accounted for as operating leases.

e. Impairment of Fixed Assets—The Group reviews its fixed assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

f. Amortization of Nuclear Fuel—Amortization of nuclear fuel is computed based on the proportion of current heat produced to the estimated total potential heat production over the estimated useful life of the nuclear fuel.

g. Investment Securities—Investment securities are classified and accounted for, depending on management's intent, as follows: (a) held-to-maturity debt securities are stated at cost with discounts or premiums amortized throughout the holding periods; and (b) available-for-sale securities, which are not classified as the aforementioned securities and investment securities in nonconsolidated subsidiaries and affiliated companies, are stated at market value; and nonmarketable securities are stated at cost.

The Group records unrealized gains or losses on available-for-sale securities, net of deferred taxes, in equity presented as "Unrealized gain on available-for-sale securities."

For other-than-temporary declines in fair value, investment securities are written down to net realizable value by a charge to income.

h. Special Account Related to Nuclear Power Decommissioning—Under the accounting regulation applicable to electric utility providers in Japan, in case the Company decides to decommission nuclear power units due to factors such as a change of the government's energy policy, the Company is permitted to transfer the carrying amounts related to nuclear power units and costs related to nuclear power decommissioning to "special account related to nuclear power decommissioning" when the Company decides to decommission nuclear power units

and applies to the Minister of Ministry of Economy, Trade and Industry ("METI") for adopting the above special account. Because the carrying amount of special account related to nuclear power decommissioning are supposed to be collected through regulated wheeling fees, the special account is amortized in proportion to the amounts of future regulated wheeling fees collected, after approval of the Minister of METI.

i. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits and mutual fund investments in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

j. Inventories—Inventories are stated at the lower of cost, principally determined by the average method, or net selling value.

k. Foreign Currency Transactions—Receivables and payables denominated in foreign currencies are translated into Japanese yen at the rates in effect as of each balance sheet date.

l. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries, and nonconsolidated foreign subsidiaries and foreign affiliated companies which are accounted for by the equity method, are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

m. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of operations and (b) for such derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Liabilities denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts qualify for hedge accounting. Forward contracts applied for committed transactions are measured at fair value and the unrealized gains/losses are deferred until the underlying transactions are completed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges.

n. Severance Payments and Pension Plans—The Group has unfunded retirement plans for most of its employees and the Company and most of the consolidated subsidiaries also have contributory funded defined benefit pension plans covering substantially all of their employees.

Under the Accounting Standards Board of Japan ("ASBJ") Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," the Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over five years, which is no longer than the expected average remaining service period of the employees.

o. Accounting for Contributions Concerning Reprocessing of Spent Nuclear Fuel and Concerning Processing of Nuclear Fuel Material Separated in Reprocessing—The Act for Partial Revision of the Spent Nuclear Fuel Reprocessing Implementation Act was enforced on October 1, 2016. The act aims to secure the funds stably for reprocessing costs without being influenced by the financial position of nuclear operators under the competitive environment on or after April 1, 2016, when full liberalization of participation in retail electricity sales began.

The Nuclear Reprocessing Organization of Japan (the "NuRO") was established on October 3, 2016, under the act. Nuclear operators including the Company are obliged to contribute the funds for reprocessing nuclear fuel to the NuRO every year. Nuclear operators fulfill the obligation to bear the reprocessing costs when they pay contributions to the NuRO, and the funds belong to the NuRO.

Contributions to NuRO consist of two parts. One is concerning reprocessing of spent nuclear fuel (part "A"), the other is concerning processing of nuclear fuel material separated in reprocessing (part "B").

In accordance with the accounting regulations applicable to electric utility providers in Japan, the Company records the part A of the contributions to the NuRO, the amount of which is calculated based on quantities of irradiated nuclear fuel resulting from operation of nuclear power plants, as operating expenses. On the other hand, the Company records part B of the contributions to the NuRO as assets and presents them as

"Special account related to reprocessing of spent nuclear fuel" in the consolidated balance sheet.

p. Accounting for Contributions Concerning Final Disposal of High-Level Radioactive Waste—The Designated Radioactive Waste Final Disposal Act was enforced on June 7, 2000. The act aims to disposal of high-level radioactive wastes, which are unavoidably generated through nuclear power generation, in stable geological strata at a depth of 300 meters or greater. Under the act, the Nuclear Waste Management Organization of Japan (the "NUMO") was established in December 2000 which is responsible for the disposal of high-level radioactive wastes. Nuclear operators including the Company are obliged to contribute the fund to NUMO for the disposal of high-level radioactive wastes every year. Nuclear operators fulfill the obligation to bear the disposal costs when they pay contributions to the NUMO, and the funds belong to the NUMO.

The Company records the disposal costs of high-level radioactive wastes, the amount of which is calculated based on quantities of irradiated nuclear fuel resulting from the operation of nuclear power plant, as operating expenses.

q. Asset Retirement Obligations—Under ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations," an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement. The Company recognizes the asset retirement obligation as the sum of the future decommissioning costs of nuclear power plant which is calculated based on a formula using the quantities by type of waste generated from decommissioning of nuclear power plant in accordance with the ordinance set forth by the METI, discounted at 2.3%.

In accordance with the accounting regulations applicable to electric utility providers in Japan, asset retirement costs are allocated to expense over the remaining useful lives of nuclear power units through depreciation based on the straight-line method, except for asset retirement costs of nuclear power units decommissioned due to factors such as a change of a government energy policy which are continuously allocated to expense over 10 years from the month that includes the date of decommissioning of the nuclear power unit.

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The Company and its wholly owned domestic subsidiaries adopted the group tax sharing system from the fiscal year ending March 31, 2023.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

s. Provision for Loss on the Antimonopoly Act—On March 30, 2023, the Company received a cease and desist order and surcharge payment order by the Japan Fair Trade Commission (the "JFTC") under the Antimonopoly Act of Japan.

The allegation is that "the Company is suspected of jointly restricting the acquisition of customers of each other in Kansai and Kyushu areas, regarding services of supplying extra high voltage power and high voltage power."

Since there is a possibility of future surcharge payment, the Company recorded provision for loss on Antimonopoly Act based on surcharge payment ordered by JFTC.

t. Reserve for Fluctuations in Water Level—This reserve is provided to stabilize the Company's income level based on the Electricity Business Act and related accounting regulations. This reserve is recorded when the volume of water for generating hydroelectric power is abundant and available for future power generation, and reversed in years when there is an insufficient volume of water. Also, this reserve must be shown as a liability under the act and regulations.

Based on the Electricity Business Act, the Company submitted an application for reversal of reserve for fluctuations in water level by special reasons to the Minister of Economy, Trade and Industry, and permission was obtained on March 22, 2023.

Accordingly, a part of the reserve has been reversed for the year ended March 31, 2023.

u. Treasury Stock—The accounting standard for treasury stock requires that where an affiliated company holds a parent company's stock, a portion which is equivalent to the parent company's interest in such stock should be presented as treasury stock as a separate component of equity and the carrying value of the investment in the affiliated company should be reduced by the same amount.

v. Board Benefit Trust (BBT)—The Company has a performance-based stock compensation plan called "Board Benefit Trust (BBT)," (the "Plan") for directors (excluding outside directors) and executive officers (together, the "Directors").

(a) Overview of the Plan

The Plan is a stock compensation plan under which shares of the Company will be acquired through a trust (the "Trust" refers to a trust established based on the Plan) using funds contributed by the Company. The shares of the Company and cash equivalent to the value of the Company's shares converted at market value

(the "Company's Shares, etc.") will be provided to the Directors through the Trust, pursuant to the "Rules on Provision of Shares to Officers" set forth by the Company. The Company's Shares, etc. will be provided to the Directors at the time of retirement of the Directors, in principle.

(b) Shares of the Company held by the Trust

The Company records shares of the Company in the Trust as treasury stock at cost (excluding acquisition-related costs). As of March 31, 2023, the number of shares was 842 thousand.

w. Net Income and Cash Dividends per Share—Basic earnings per share ("EPS") are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the year, and diluted EPS reflects the potential dilution that could occur if securities were exercised or converted into common stock.

Diluted EPS is not disclosed because it is anti-dilutive due to the Company's net loss position.

The weighted-average number of common stock used in the computation of basic EPS during the year excludes treasury stock held by the Trust established based on BBT (861 thousand shares and 772 thousand shares for the years ended March 31, 2023 and 2022, respectively).

Cash dividends per share represent actual amounts applicable to earnings of the respective years.

x. Research and Development Costs—Research and development costs are charged to income as incurred.

y. New Accounting Pronouncements

Accounting Standard for Current Income Taxes, etc.

On October 28, 2022, the ASBJ issued the revised ASBJ Statement No. 27 (revised 2022), "Accounting Standard for Current Income Taxes," ASBJ Statement No. 25 (revised 2022), "Accounting Standard for Presentation of Comprehensive Income" and ASBJ Guidance No. 28 (revised 2022), "Guidance on Accounting Standard for Tax Effect Accounting." The revised accounting standards and revised implementation guidance defines the classification of income taxes when taxable on other comprehensive income and the treatment of tax effects on the sale of subsidiary stock when the group taxation regime is applied.

The revised guidance is effective for the annual periods beginning on or after April 1, 2024. Earlier

application is permitted for annual periods beginning on or after April 1, 2023. The revised guidance shall be applied prospectively.

The Group expects to apply the revised guidance for annual periods beginning on or after April 1, 2024, and is in the process of measuring the effects of applying the revised guidance in future applicable periods.

3. SIGNIFICANT ACCOUNTING ESTIMATE

Deferred Tax Assets

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
(1) <i>Carrying amounts</i>			
Deferred tax assets	¥ 172,337	¥ 140,727	\$ 1,290,529
Deferred tax assets relating to tax loss carryforwards included in above	67,023	25,321	501,896

(2) Information on the significant accounting estimate

(a) The calculation method of the carrying amount

In accordance with the "Implementation Guidance on Recoverability of Deferred Tax Assets" ("ASBJ Guidance No. 26") ("Guidance No. 26"), the Group records deferred tax assets that were expected to be recovered based on the classification of the Group defined in Guidance No. 26, Guidance No. 26 requires the entity to be classified according to certain criteria and to determine the amount of deferred tax assets expected to be recovered depending on the classification. The Group determined the classification of Group in accordance with Guidance No. 26, taking into account the future taxable income, tax losses and the business plan.

Also, the deferred tax assets were calculated by estimating the future taxable income based on the business plan approved by the Board of Directors of the Company.

(b) The primary assumption used for the calculation

The Group made the best estimation based on available information at preparation of the consolidated financial statements, such as outlooks of electricity sales volume and unit price and projections regarding nuclear power plant operation.

(c) The possible effects within the next financial year

The Group's financial performance may be affected when deferred tax assets were reversed by decreasing the future taxable income. Decreasing the future taxable income will occur by such as decline of electricity sales volume and unit price which are influenced by external environment, such as changes in temperature, climate and economic trend, and unscheduled shutdown of nuclear power plants.

Investments in the Overseas Power Generation Business and a Financial Asset Related to Construction Services for the Overseas Power Generation Facilities

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
(1) <i>Carrying amounts</i>			
Investments in the overseas power generation business and a financial asset related to construction services for overseas power generation facilities	¥ 161,696	¥ 140,419	\$ 1,210,850

(2) Information on the significant accounting estimate

(a) The calculation method of the carrying amount

For the investments in the overseas power generation business, the equity method is applied to investments in nonconsolidated subsidiaries and affiliated companies. Others are nonmarketable equity securities. These securities are classified as available-for-sale securities and are stated at cost. If the realizable value of these securities declines significantly, these securities are written down to net realizable value, unless the recoverability of the securities is supported by sufficient evidence.

For the investments in nonconsolidated subsidiaries and affiliated companies, if the carrying amount of the investees' power generation facilities exceeds its recoverable amount which is the sum of the future cash flows based on the investees' business plan, the power generation facilities are written down to the recoverable amount. Thereafter, the equity method is applied to the investees' financial statements.

On the other hand, for nonmarketable equity securities, the Group evaluates whether securities need to be written down to net realizable value based on the recoverable amount of the power generation facilities.

A financial asset related to the contractual right to receive consideration from the grantor for the construction services is stated based on the transaction price determined by contracts with customers. If the transaction price declines due to changes of assumptions such as future outputs of the power generation facilities on which the transaction price is based will be changed, the financial asset would be written down.

(b) The primary assumption used for the calculation

For estimation of the future cash flows, the Group made the best estimation based on available information at preparation of the consolidated financial statements, such as outlooks of electricity sales volume and unit price, operational projections and future outputs for the investees' power generation facilities, and projections for international fuel market prices.

(c) The possible effects within the next financial year

When decreasing the future cash flows occurs by a change of external environments such as the realization of investees' country risk and fluctuations in prices, interest rates and foreign exchange, and review of energy and environment policy, the Group's financial performance may be affected as the share of loss of entities accounted for using the equity method is recorded, nonmarketable equity securities are written down to net realizable value or the financial asset is written down.

4. ACCOUNTING CHANGE

Accounting Standard for Fair Value Measurement

Effective April 1, 2022, the Group adopted ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement."

The Group adopted new accounting policies prescribed in this accounting guidance prospectively in accordance with the article 27-2 of ASBJ Guidance No. 31.

There are immaterial effects from these accounting changes on the consolidated financial statements.

In addition, as describe in Note 20, investment trusts related to financial instruments categorized by fair value hierarchy as of March 31, 2022, was not disclosed in accordance with the article 27-3 of ASBJ Guidance No. 31.

5. PROPERTY

The breakdown of property at March 31, 2023 and 2022, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Costs:			
Electric power production facilities:			
Hydroelectric power	¥ 842,842	¥ 827,794	\$ 6,311,536
Thermal power	1,439,020	1,438,046	10,775,948
Nuclear power	2,380,670	2,128,022	17,827,394
Internal-combustion engine power	133,234	132,661	997,708
Renewable power	124,847	124,024	934,910
Total	4,920,614	4,650,549	36,847,497
Transmission facilities	2,073,699	1,941,510	15,528,673
Transformation facilities	1,137,622	1,120,957	8,518,963
Distribution facilities	1,540,278	1,526,937	11,534,206
General facilities	432,532	429,325	3,238,975
Other electricity-related facilities	57,864	57,863	433,313
Other plant and equipment	1,415,174	1,391,760	10,597,380
Construction in progress	248,184	538,837	1,858,504
Total	11,825,970	11,657,743	88,557,514
Less:			
Contributions in aid of construction	241,929	238,967	1,811,662
Accumulated depreciation	7,883,479	7,770,903	59,034,595
Carrying amount	¥ 3,700,561	¥ 3,647,872	\$ 27,711,256

6. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2023 and 2022, were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2023				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,770	¥ 4,473	¥ 30	¥ 6,214
Debt securities	152		19	132
Other securities	636	254	15	875
Held-to-maturity	235		17	217

March 31, 2022

Securities classified as:				
Available-for-sale:				
Equity securities	¥ 1,719	¥ 3,895	¥ 123	¥ 5,491
Debt securities	309	41		351
Other securities	635	103	4	734
Held-to-maturity	235		10	224

Thousands of U.S. Dollars

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2023				
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 13,259	\$ 33,498	\$ 224	\$ 46,533
Debt securities	1,138		148	990
Other securities	4,766	1,903	113	6,556
Held-to-maturity	1,759		129	1,630

The information for available-for-sale securities which were sold during the year ended March 31, 2023, was as follows:

	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	¥ 11,682	¥ 11,281	¥ 0
Total	¥ 11,682	¥ 11,281	¥ 0

Thousands of U.S. Dollars

	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale—Equity securities	\$ 87,480	\$ 84,483	\$ 1
Total	\$ 87,480	\$ 84,483	\$ 1

7. PLEDGED ASSETS

All of the Company's assets amounting to ¥4,834,743 million (\$36,204,462 thousand) are subject to certain statutory preferential rights established to secure a portion of bonds and a portion of loans borrowed from the Development Bank of Japan Inc. The carrying amount of bonds and loans borrowed from the Development Bank of Japan Inc. secured by the assets for the year ended March 31, 2023, were ¥1,460,000 million (\$10,933,053 thousand) and ¥118,816 million (\$889,740 thousand), respectively.

Certain assets of the consolidated subsidiaries, amounting to ¥55,930 million (\$418,826 thousand), are pledged as collateral for a portion of their long-term debt at March 31, 2023.

Investments in affiliated companies held by consolidated subsidiaries, amounting to ¥14,016 million (\$104,963 thousand), are pledged as collateral for bank loans and derivatives, mainly interest rate swaps of the affiliated companies and the subsidiary of the affiliated companies at March 31, 2023.

8. LONG-TERM DEBT

Long-term debt at March 31, 2023 and 2022, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Yen bonds, 0.01% to 1.76%, due serially to 2052	¥ 1,459,999	¥ 1,359,899	\$ 10,933,052
First series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 0.99%, due serially to 2080 (Notes a and d)	70,000	70,000	524,187
Second series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 1.09%, due serially to 2080 (Notes b and e)	30,000	30,000	224,651
Third series of subordinated unsecured yen bonds with interest deferral option and early redemption option, 1.30%, due serially to 2080 (Notes c and f)	100,000	100,000	748,839
Loans from the Development Bank of Japan Inc., 0.32% to 2.05%, due serially to 2040	267,782	246,974	2,005,261
Loans, principally from banks and insurance companies, 0.03% to 6.051%, due serially to 2043:			
Collateralized	74,255	73,375	556,054
Unsecured	1,824,938	1,637,024	13,665,857
Obligations under finance leases	15,870	16,245	118,847
Total	3,842,847	3,533,518	28,776,751
Less current portion	437,071	384,285	3,272,963
Long-term debt, less current portion	¥ 3,405,775	¥ 3,149,232	\$ 25,503,788

The annual maturities of long-term debt outstanding at March 31, 2023, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2024	¥ 437,071	\$ 3,272,963
2025	386,517	2,894,392
2026	320,845	2,402,620
2027	393,293	2,945,136
2028	381,898	2,859,802
2029 and thereafter	1,923,221	14,401,835
Total	¥ 3,842,847	\$ 28,776,751

Notes:

- The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2025, and a variable interest rate will be applied from the day after October 15, 2025 ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2045.)
- The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2027, and a variable interest rate will be applied from the day after October 15, 2027 ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2047.)
- The fixed interest rate has been applied since the day after October 15, 2020, and will be applied until October 15, 2030, and a variable interest rate will be applied from the day after October 15, 2030 ("Step-up interest rates" will be applied from the day after October 15, 2030, and the day after October 15, 2050.)
- The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2025.
- The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2027.
- The Company may redeem the hybrid corporate bonds at its discretion on each interest payment date from and including October 15, 2030.

9. SEVERANCE PAYMENTS AND PENSION PLANS

Employees terminating their employment with the Group, either voluntarily or upon reaching mandatory retirement age, are entitled, under most circumstances, to severance payments based on credits earned in each year of service, length of service and certain other factors. As for the Company and a part of the consolidated subsidiaries, if the termination is made voluntarily at one of a number of specified ages, the employee is entitled to certain additional payments.

Additionally, the Company and most of the consolidated subsidiaries have contributory funded defined benefit pension plans covering substantially all of their employees. In general, eligible employees retiring at the mandatory retirement age receive pension payments for the fixed term selected by them. As for the Company and one of the consolidated subsidiaries, Kyushu Electric Power Transmission and Distribution Co., Inc., eligible employees retiring after at least 20 years of service but before the mandatory retirement age, receive a lump-sum payment upon retirement and an annuity. The Company and Kyushu Electric Power Transmission and Distribution Co., Inc. have established retirement benefit trusts for their defined retirement benefit plan.

Certain consolidated subsidiaries calculate liability for retirement benefits and periodic benefit costs related

to defined retirement benefit plans by the simplified method. Under the simplified method, projected benefit obligations are principally stated at the necessary payment amounts for voluntary retirement as of the end of the fiscal year. The simplified method for accounting for defined retirement benefit plans is allowed for a specified small-sized entity under accounting principles generally accepted in Japan.

Defined Retirement Benefit Plans (excluding Plans Applying the Simplified Method)

(1) The changes in defined benefit obligation for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥ 391,299	¥ 397,653	\$ 2,930,206
Current service cost	13,038	13,364	97,640
Interest cost	2,943	3,024	22,039
Actuarial losses	3,270	416	24,492
Benefits paid	(24,178)	(22,925)	(181,054)
Prior service cost	(978)	(233)	(7,330)
Other	(1)	0	(13)
Balance at end of year	¥ 385,393	¥ 391,299	\$ 2,885,978

(2) The changes in plan assets for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥ 334,570	¥ 334,642	\$ 2,505,396
Expected return on plan assets	7,230	7,139	54,143
Actuarial (losses) gains	(12,309)	2,039	(92,175)
Contributions from the employer	6,337	6,737	47,458
Benefits paid	(15,955)	(15,988)	(119,477)
Balance at end of year	¥ 319,874	¥ 334,570	\$ 2,395,346

(3) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2023 and 2022, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Funded defined benefit obligation	¥ 377,368	¥ 383,351	\$ 2,825,884
Plan assets	(319,874)	(334,570)	(2,395,346)
	57,494	48,781	430,537
Unfunded defined benefit obligation	8,025	7,947	60,094
Net liability for defined benefit obligation	¥ 65,519	¥ 56,729	\$ 490,632

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Liability for retirement benefits	¥ 77,454	¥ 82,653	\$ 580,008
Assets for retirement benefits	(11,935)	(25,924)	(89,375)
Net liability for defined benefit obligation	¥ 65,519	¥ 56,729	\$ 490,632

(4) The components of net periodic benefit costs for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Current service cost	¥ 13,038	¥ 13,364	\$ 97,640
Interest cost	2,943	3,024	22,039
Expected return on plan assets	(7,230)	(7,139)	(54,143)
Recognized actuarial gains	(1,255)	(1,068)	(9,404)
Amortization of prior service cost	(1,063)	(40)	(7,963)
Others	422	355	3,160
Net periodic benefit costs	¥ 6,854	¥ 8,496	\$ 51,327

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Prior service cost	¥ (84)	¥ 193	\$ (633)
Actuarial (losses) gains	(16,835)	554	(126,069)
Total	¥ (16,919)	¥ 747	\$ (126,703)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Unrecognized prior service cost	¥ 91	¥ 176	\$ 688
Unrecognized actuarial (losses) gains	(8,852)	7,982	(66,290)
Total	¥ (8,760)	¥ 8,159	\$ (65,602)

(7) Plan assets as of March 31, 2023 and 2022

a. Components of plan assets

Plan assets consisted of the following:

	2023	2022
Debt investments	34%	40%
Equity investments	29	28
General account of life insurance companies	21	20
Others	16	12
Total	100%	100%

b. Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering distribution of plan assets currently and in the future and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2023 and 2022, were set forth as follows:

	2023	2022
Discount rates	Mainly 1.0%	Mainly 1.0%
Expected rates of return on plan assets	Mainly 2.0%	Mainly 2.0%

Defined Retirement Benefit Plans Applying the Simplified Method

(1) The changes in the net carrying amount of liabilities and assets for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥ 2,594	¥ 2,603	\$ 19,424
Periodic benefit costs	546	488	4,091
Benefits paid	(190)	(246)	(1,428)
Contributions from the employer	(244)	(251)	(1,832)
Balance at end of year	¥ 2,704	¥ 2,594	\$ 20,255

(2) Reconciliation between the liability and asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Funded defined benefit obligation	¥ 5,232	¥ 5,235	\$ 39,184
Plan assets	(4,823)	(4,907)	(36,121)
	409	327	3,062
Unfunded defined benefit obligation	2,295	2,266	17,192
Net carrying amount of liabilities and assets	¥ 2,704	¥ 2,594	\$ 20,255
Liability for retirement benefits	¥ 3,307	¥ 3,293	\$ 24,766
Asset for retirement benefits	(602)	(699)	(4,510)
Net carrying amount of liabilities and assets	¥ 2,704	¥ 2,594	\$ 20,255

(3) Periodic benefit costs

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Periodic benefit costs calculated under the simplified method	¥ 546	¥ 488	\$ 4,091

Defined Contribution Plans

The required contribution to defined contribution plans by the Company and its certain consolidated subsidiaries for the years ended March 31, 2023 and 2022, was ¥2,005 million (\$15,020 thousand) and ¥2,114 million, respectively.

10. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Balance at beginning of year	¥ 289,190	¥ 278,031	\$ 2,165,569
Net change in the year	8,207	11,159	61,462
Balance at end of year	¥ 297,397	¥ 289,190	\$ 2,227,032

11. SHORT-TERM BORROWINGS

Short-term borrowings were generally represented by bank loans, bearing interest at rates ranging from 0.17% to 0.49% for the years ended March 31, 2023 and 2022, respectively.

12. INCOME TAXES

The Group is subject to national and local income taxes. The aggregate normal statutory tax rate for the Company approximated 27.9% for the years ended March 31, 2023 and 2022.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Deferred tax assets:			
Tax loss carryforwards	¥ 76,291	¥ 68,927	\$ 571,303
Depreciation	54,192	53,632	405,815
Liability for retirement benefits	32,594	34,093	244,083
Asset retirement obligations	29,534	30,248	221,166
Other	88,428	93,297	662,186
Total of tax loss carryforwards and temporary differences	281,042	280,199	2,104,554
Less valuation allowance for tax loss carryforwards	(9,268)	(43,605)	(69,407)
Less valuation allowance for temporary differences	(59,465)	(56,344)	(445,303)
Total valuation allowance	(68,734)	(99,949)	(514,710)
Deferred tax assets	212,307	180,249	1,589,843
Deferred tax liabilities:			
Amortization in foreign subsidiary	10,659	4,151	79,820
Accrued income of foreign subsidiary	9,751	7,869	73,020
Capitalized assets retirement costs	8,231	9,715	61,638
Gain on contributions of securities to retirement benefit trust	5,578	5,599	41,772
Deferred gain on derivatives under hedge accounting	5,211	5,455	39,024
Assets for retirement benefits	3,448	7,414	25,826
Other	13,528	12,215	101,305
Deferred tax liabilities	56,408	52,421	422,408
Net deferred tax assets	¥ 155,899	¥ 127,827	\$ 1,167,435

The expiration of tax loss carryforwards, the related valuation allowance and the resulting net deferred tax assets as of March 31, 2023 and 2022, were as follows:

	Millions of Yen							Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years		
March 31, 2023								
Deferred tax assets relating to tax loss carryforwards (Note a)	¥ 25,106	¥ 991	¥ 425	¥ 154	¥ 235	¥ 49,378	¥ 76,291	
Less valuation allowances for tax loss carryforwards	8,459	565	13	8		221	9,268	
Net deferred tax assets relating to tax loss carryforwards	16,646	426	412	145	235	49,156	67,023 (Note b)	
March 31, 2022								
Deferred tax assets relating to tax loss carryforwards (Note a)	¥ 32,682	¥ 25,043	¥ 916	¥ 389	¥ 196	¥ 9,698	¥ 68,927	
Less valuation allowances for tax loss carryforwards	32,682	10,233	249	22	54	364	43,605	
Net deferred tax assets relating to tax loss carryforwards		14,809	667	367	142	9,334	25,321 (Note c)	
	Thousands of U.S. Dollars							Total
	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years		
March 31, 2023								
Deferred tax assets relating to tax loss carryforwards (Note a)	\$ 188,009	\$ 7,427	\$ 3,185	\$ 1,153	\$ 1,760	\$ 369,766	\$ 571,303	
Less valuation allowances for tax loss carryforwards	63,351	4,232	100	62		1,660	69,407	
Net deferred tax assets relating to tax loss carryforwards	124,658	3,194	3,085	1,091	1,760	368,105	501,896 (Note b)	

Notes: a. The tax loss carryforwards were the amount multiplied by the normal effective statutory tax rate.

b. Tax loss carryforwards mainly resulted from the decline in the operation of nuclear power plants, as well as soaring fuel and wholesale electricity prices. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

c. Tax loss carryforwards mainly resulted from the long-term shutdown of nuclear power plants of the Company in past years. Deferred tax assets relating to tax loss carryforwards were recognized at amounts the Company judged those were recoverable from expectations of future taxable income based on the business plan approved by the Board of Directors.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2023 and 2022, was as follows:

	2023	2022
Normal effective statutory tax rate	27.9%	27.9%
Non-deductible expenses such as entertainment expenses	(3.5)	6.2
Other—net	1.0	31.6
Actual effective tax rate	25.4%	65.7%

The Company and its wholly owned domestic subsidiaries adopted the group tax sharing system from the fiscal year ended March 31, 2023.

In addition, in accordance with the ASBJ Practical Solution No. 42, "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System," the Company accounts for corporate and local corporate taxes or accounts and discloses tax effect accounting relating to them.

13. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the general shareholders' meeting. For companies that meet certain criteria, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

Acquisition and Disposal of Class A Preferred Stock

The Company acquired the previous Class A preferred stock based on the articles of incorporation and has issued the new Class A preferred stock. The information of the new Class A preferred stock is as follows:

(1) Way of offering

Third-party allotment to the Mizuho Bank, Ltd., Development Bank of Japan Inc. and MUFG Bank, Ltd.

(2) Class and number of new shares to be issued

1,000 shares of Class A preferred stock

(3) Issue price

¥100 million per share

(4) Total amount of the issue price

¥100,000 million

(5) Issue date

June 28, 2019

(6) Uses of proceeds

The proceeds from the issuance of new Class A preferred stock will be used to repay a part of a bank loan the Company borrowed for the acquisition of current Class A preferred stock.

(7) Characteristics of the preferred stock

The preferred stock provides no provision for acquisition or right to request acquisition using common stock as consideration that will not dilute common stock. These stocks also do not provide any voting rights at the general shareholders' meeting.

The preferred stock has a provision for acquisition allowing the Company to acquire this preferred stock in exchange for cash the day after the payment date or thereafter. Furthermore, the preferred stock will provide the preferred shareholders with the right to request acquisition of this preferred stock in exchange for cash of the Company the day after the payment date or thereafter if the preferred shareholders follow the prescribed procedures, but the exercise of this right by the preferred shareholders is limited by the agreement to underwriting of the preferred stock.

Annual preferred dividend for the preferred stock is ¥2,100,000 per share. (Annual preferred dividend as of the record date of March 31, 2020, is ¥1,599,452 per share.)

14. REVENUE

(1) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is presented in "Information about sales, profit, assets and other items" in Note 24.

(2) Contract balances

Receivables from contract with customers, contract assets and contract liabilities at the beginning and end of the year were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Receivables from contracts with customers:			
Balance at beginning of year	¥ 178,177	¥ 143,321	\$ 1,334,263
Balance at end of year	182,138	178,177	1,363,924
Contract assets:			
Balance at beginning of year	8,896	5,262	66,620
Balance at end of year	6,845	8,896	51,258
Contract liabilities:			
Balance at beginning of year	5,062	4,453	37,912
Balance at end of year	7,313	5,062	54,766

(3) Transaction Prices Allocated Remaining Performance Obligations

The Group has applied the simplified method as a practical expedient, and has not included information related to either of the following:

- (a) the performance obligation is part of a contract that has an original expected duration of one year or less; or
- (b) the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer.

For significant transactions in the contracts that have an original expected durations of more than one year, the following table shows the summary of the transaction prices allocated to remaining performance obligations that are unsatisfied as of March 31, 2023:

	Thousands of	
	Millions of Yen	U.S. Dollars
	2023	2023
Within one year	¥ 112,852	\$ 845,086
After one to two years	136,200	1,019,919
After two to three years	84,947	636,120
After three years	105,471	789,814
Total	¥ 439,472	\$ 3,290,942

15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥4,798 million (\$35,930 thousand) and ¥4,823 million for the years ended March 31, 2023 and 2022, respectively.

16. LOSS ON IMPAIRMENT OF FIXED ASSETS

As the Group decided to decommission No. 1 and No. 2 units of Sendai thermal power plant and No. 4 unit of Shin Kokura thermal power plant and others for the year ended March 31, 2022, the carrying amount of these assets was written down to the recoverable amount. As a result, the Group recognized an impairment loss of ¥3,536 million for these assets as other expenses.

The recoverable amount of these assets was mainly measured by the respective net selling prices which were based on appraisal valuation and assessed value of fixed assets.

17. LOSS ON REIMBURSEMENT OF ELECTRIC IMBALANCE REVENUES

In January 2021, the imbalance revenue of general electricity transmission and distribution business providers, including Kyushu Electric Power Transmission and Distribution Co., Inc., increased significantly because of the price hikes in the wholesale electricity market caused by the tight supply and demand of electricity in Japan. Relating to the situation, on December 27, 2021, the Electricity and Gas Industry Committee of the Advisory Committee for Natural Resources and Energy has decided that a part of the imbalance revenue paid by retail electricity providers would be reimbursed by deducting from their future wheeling fees. Under this decision, the Group recorded the estimated amount of reimbursement as liabilities and other expenses for the year ended March 31, 2022.

18. RELATED PARTY DISCLOSURES

a. Significant transactions of the Company with its related parties for the years ended March 31, 2023 and 2022
No matters to report

b. Significant transactions of a consolidated subsidiary with an affiliated company for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Kyudenko Corporation:			
Transactions—			
purchase of construction works on distribution facilities and other	¥ 36,834	¥ 39,462	\$ 275,830
Balances at year-end—			
payables for construction works	3,971	4,085	29,739

Notes Concerning the Parent Company or Important Affiliates*Important affiliates' financial summary*

For the years ended March 31, 2023 and 2022, Kyudenko Corporation was an important affiliate. The financial summary of its financial statements was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Total current assets	¥ 238,445	¥ 181,419	\$ 1,785,574
Total noncurrent assets	157,911	155,533	1,182,504
Total current liabilities	148,596	132,724	1,112,748
Total noncurrent liabilities	32,920	5,051	246,524
Total equity	214,839	199,176	1,608,805
Operating revenues	333,007	322,568	2,493,692
Income before income taxes	31,951	28,712	239,263
Net income	22,189	20,690	166,162

19. LEASES

The minimum rental commitments under noncancelable operating leases at March 31, 2023 and 2022, were as follows:

(1) *Lessee*

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Due within one year	¥ 1,514	¥ 1,484	\$ 11,339
Due after one year	17,681	18,784	132,407
Total	¥ 19,195	¥ 20,268	\$ 143,746

(2) *Lessor*

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Due within one year	¥ 1,001	¥ 522	\$ 7,500
Due after one year	8,684	3,887	65,030
Total	¥ 9,685	¥ 4,410	\$ 72,531

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Items Pertaining to Financial Instruments

(a) The Group's policy for financial instruments

The Group uses mainly long-term debt, including bonds and loans, to raise funds required for investments in electric utility plant and equipment and repayments of bonds and loans. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used not for speculative purposes, but to manage exposure to financial risks as described in (b) below.

(b) Nature and extent of risks arising from financial instruments and risk control system

Investment securities, mainly held-to-maturity debt securities and equity securities issued by companies related through business, and investments in and advances to nonconsolidated subsidiaries and affiliated companies which have a quoted market price in an active market are exposed to the risk of market price fluctuations. Such market risk is managed by monitoring market values and financial position of the issuers on a regular basis. Investment securities and investments in and advances to nonconsolidated subsidiaries and affiliated companies which do not have a quoted market price in an active market are managed by monitoring financial position of the issuers on a regular basis. In addition, the Company requires its nonconsolidated subsidiaries and affiliated companies to submit business plans and performance reports, and to consult in advance on any items that could have a significant impact on the Group's business activities.

Receivables are exposed to customer credit risk. Payment terms are set forth in specific retail electricity power supply provisions and so on. The Group manages its credit risk from receivables by monitoring payment terms and balances of each customer and identifying and reducing the default risk of customers at an early stage. Receivables from wholesale electric power sales outside of the Kyushu area are exposed to the risk of electricity price area differentials. Such risk is mitigated by using the financial transmission rights as necessary.

Bonds and loans are mainly used to raise funds for investments in plant and equipment. Foreign currency denominated debt is exposed to the market risk of fluctuations in foreign exchange. Such risk is mitigated by using currency swaps. Financial liabilities with variable interest rate are exposed to interest rate fluctuation risk. Such risk is mitigated by using interest rate swaps as necessary.

Payment terms of notes and accounts payable are less than one year. Accounts payable to purchase fuel in foreign currencies is exposed to the market risk of fluctuations in foreign exchange and fuel price. Such risks are mitigated by using foreign exchange forward contracts and financial energy swaps as necessary.

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding an adequate volume of liquid assets based on monthly financial planning and diversifying sources of its financing.

Fair Values of Financial Instruments

The carrying amounts and aggregate fair values of financial instruments at March 31, 2023 and 2022, were as follows: Investments in equity instruments that do not have a quoted market price in an active market and investments in partnerships and others are not included in the following table. The fair values of cash and cash equivalents, receivables, short-term borrowings, commercial paper, notes and accounts payable, and accrued income taxes are not disclosed because their maturities are short and the carrying values approximate fair value.

	Millions of Yen		
	Carrying Amount	Fair Value	Unrecognized Gain (Loss)
March 31, 2023			
Investment securities:			
Held-to-maturity debt securities	¥ 235	¥ 217	¥ (17)
Available-for-sale securities	7,221	7,221	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	50,730	54,178	3,447
Total	¥ 58,187	¥ 61,617	¥ 3,430
Long-term debt:			
Bonds	¥ 1,659,999	¥ 1,612,271	¥ (47,728)
Loans	2,166,976	2,153,988	(12,987)
Total	¥ 3,826,976	¥ 3,766,259	¥ (60,716)
Derivatives	¥ 8,526	¥ 8,526	
March 31, 2022			
Investment securities:			
Held-to-maturity debt securities	¥ 235	¥ 224	¥ (10)
Available-for-sale securities	6,577	6,577	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	47,022	46,143	(878)
Total	¥ 53,834	¥ 52,945	¥ (889)
Long-term debt:			
Bonds	¥ 1,559,899	¥ 1,556,795	¥ (3,103)
Loans	1,957,373	1,973,856	16,482
Total	¥ 3,517,273	¥ 3,530,651	¥ 13,378
Derivatives	¥ 6,037	¥ 6,037	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrecognized Gain (Loss)
March 31, 2023			
Investment securities:			
Held-to-maturity debt securities	\$ 1,759	\$ 1,630	\$ (129)
Available-for-sale securities	54,079	54,079	
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	379,889	405,706	25,817
Total	\$ 435,728	\$ 461,417	\$ 25,688
Long-term debt:			
Bonds	\$ 12,430,731	\$ 12,073,320	\$ (357,410)
Loans	16,227,172	16,129,913	(97,258)
Total	\$ 28,657,904	\$ 28,203,234	\$ (454,669)
Derivatives	\$ 63,852	\$ 63,852	

Advances are excluded from investments in and advances to nonconsolidated subsidiaries and affiliated companies because they are immaterial.

Long-term debt contains its current portion, and obligations under finance leases are excluded because they are immaterial.

Derivatives are stated at the net amount.

Carrying amount of investments in equity instruments that do not have a quoted market price in an active market and investments in partnerships and others

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Investment securities—Available-for-sale:			
Equity securities	¥ 68,496	¥ 67,449	\$ 512,932
Investments in partnership and others	10,443	7,641	78,204
Other securities	26,909	21,894	201,506
Investments in and advances to nonconsolidated subsidiaries and affiliated companies:			
Equity securities	111,877	98,835	837,779
Other securities	32,264	28,220	241,610
Total	¥ 249,991	¥ 224,041	\$ 1,872,033

Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2023				
Investment securities:				
Held-to-maturity debt securities			¥ 36	¥ 199
Available-for-sale securities with contractual maturities		¥ 14		132
Cash and cash equivalents	¥ 270,651			
Receivables	369,244			
Total	¥ 639,895	¥ 14	¥ 36	¥ 331

March 31, 2022

Investment securities:				
Held-to-maturity debt securities			¥ 36	¥ 199
Available-for-sale securities with contractual maturities		¥ 14		351
Cash and cash equivalents	¥ 241,756			
Receivables	331,089			
Total	¥ 572,845	¥ 14	¥ 36	¥ 550

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2023				
Investment securities:				
Held-to-maturity debt securities			\$ 269	\$ 1,490
Available-for-sale securities with contractual maturities		\$ 109		990
Cash and cash equivalents	\$ 2,026,743			
Receivables	2,765,047			
Total	\$ 4,791,791	\$ 109	\$ 269	\$ 2,480

Please see Note 8 for annual maturities of long-term debt.

Financial Instruments Categorized by Fair Value Hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs used in making fair value measurements:

Level 1: Fair values measured by using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair values measured by using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Fair values measured by using unobservable inputs for the assets or liabilities.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(a) Financial instruments recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities—				
Available-for-sale securities:				
Equity securities	¥ 6,214			¥ 6,214
Debt securities		¥ 132		132
Other securities	390			390
Derivatives		8,526		8,526
March 31, 2022				
Investment securities—				
Available-for-sale securities:				
Equity securities	¥ 5,491			¥ 5,491
Debt securities		¥ 351		351
Derivatives		6,037		6,037
	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities—				
Available-for-sale securities:				
Equity securities	\$ 46,533			\$ 46,533
Debt securities		\$ 990		990
Other securities	2,927			2,927
Derivatives		63,852		63,852

Note: Investment trusts that the net asset value is regarded as fair value are not included in above table in accordance with the article 24-9 of ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement." The carrying amount of the investment trusts in the consolidated balance sheet is ¥484 million (\$3,628 thousand).

(b) Financial instruments other than financial instruments recorded at fair value in the consolidated balance sheet

	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities—				
Held-to-maturity debt securities:				
Local government bonds		¥ 35		¥ 35
Corporate bonds		88	¥ 94	182
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	¥ 54,178			54,178
Long-term debt:				
Bonds		1,612,271		1,612,271
Loans		2,153,988		2,153,988
	Millions of Yen			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2022				
Investment securities—				
Held-to-maturity debt securities:				
Local government bonds		¥ 35		¥ 35
Corporate bonds		95	¥ 93	188
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	¥ 46,143			46,143
Long-term debt:				
Bonds		1,556,795		1,556,795
Loans		1,973,856		1,973,856

	Thousands of U.S. Dollars			
	Fair Value			
	Level 1	Level 2	Level 3	Total
March 31, 2023				
Investment securities—				
Held-to-maturity debt securities:				
Local government bonds		\$ 265		\$ 265
Corporate bonds		660	\$ 704	1,364
Investments in and advances to nonconsolidated subsidiaries and affiliated companies	\$ 405,706			405,706
Long-term debt:				
Bonds		12,073,320		12,073,320
Loans		16,129,913		16,129,913

The following is a description of valuation methodologies and inputs used for measurement of the fair value of assets and liabilities:

Investment Securities and Investments in and Advances to Nonconsolidated Subsidiaries and Affiliated Companies

The fair values of listed equity securities are measured at the quoted market price. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1. As the fair values of the debt securities (include local government bonds, exclude private placement bonds) are measured principally at the quoted price obtained from financial institutions, the fair values of the debt securities are categorized as Level 2. The fair values of private placement bonds are measured by discounting the total amount of principal and interest at interest rates based on the discount rate reflecting credit risk factors and others, and are categorized as Level 3 since the discount rate is unobservable. The fair values of investment trusts are measured at the disclosed net asset value and others, and those (excluding those applied the article 24-9 of ASBJ Guidance No. 31) are categorized as Level 1.

Derivatives

The fair values of derivatives are measured principally at the quoted price obtained from financial institutions and are categorized as Level 2 based on the level of inputs of the derivatives. The interest rate swaps, which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans).

Bonds

The fair values of bonds are based on market price and are categorized as Level 2.

Long-Term Loans

The fair values of long-term loans at fixed interest rates are determined by discounting the cash flows related to the loans at the Company's assumed corporate borrowing rate, and are categorized as Level 2. Because loans at variable interest rates reflect short-term movements in market interest rates and there has been no substantial change in the Company's credit position since the loans were implemented, the carrying amounts approximate fair values. A part of loans is subjected to interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, and the fair values are determined by discounting the cash flows related to the loans with the interest rate swaps at the Company's assumed corporate borrowing rate, and are categorized as Level 2.

21. DERIVATIVES

The Company enters into foreign exchange forward contracts, currency swaps, interest rate swaps, financial energy swaps and financial transmission rights to manage its exposures to fluctuations in foreign exchanges, interest rates, fuel price, and electricity market price area differentials, respectively.

Consolidated subsidiaries of the Company enter into foreign exchange forward contracts, interest rate swaps and financial transmission rights to manage their exposures to fluctuations in foreign exchanges, interest rates, and electricity market price area differentials, respectively.

The Group does not enter into derivatives for trading or speculative purposes.

Foreign exchange forward contracts, currency swaps, interest rate swaps, financial energy swaps and financial transmission rights are not subject to any market risk except for abandoning potential income by market fluctuations in hedged items.

The Group does not anticipate any losses arising from credit risk, which is the possibility that a loss may result from counterparties' failure to perform according to the terms and conditions of the contract, because the counterparties to those derivatives have high credit ratings.

The derivative transactions are executed by specific sections, and the administrative section monitors them based on internal policies.

Derivative Transactions to Which Hedge Accounting Is Applied

Millions of Yen				
March 31, 2023	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
	Buying U.S. dollars	¥ 51,238	¥ 47,248	¥ 11,597
	Buying Canadian dollars	21,777	20,100	3,923
	Selling U.S. dollars	2,883		(26)
Interest rate swaps:				
	Principle treatment—pay fixed / receive floating	56,018	51,646	(612)
	Special treatment (Note a)—pay fixed / receive floating	1,455	1,238	
Financial energy swaps—Principle treatment:				
	Receive fixed / pay floating	3,223		216
	Pay fixed / receive floating	14,251		(6,572)
Total				¥ 8,526

Millions of Yen				
March 31, 2022	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
	Buying U.S. dollars	¥ 54,412	¥ 50,913	¥ 9,371
	Buying Canadian dollars	22,818	21,472	3,354
Interest rate swaps:				
	Principle treatment—pay fixed / receive floating	57,565	53,213	(2,815)
	Special treatment (Note a)—pay fixed / receive floating	1,672	1,455	
Financial energy swaps—Principle treatment:				
	Receive fixed / pay floating	7,619		(9,852)
	Pay fixed / receive floating	14,739		5,979
Total				¥ 6,037

March 31, 2023	Thousands of U.S. Dollars			
	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Buying U.S. dollars	Accounts payable	\$383,693	\$353,818	\$ 86,849
Buying Canadian dollars	Accounts payable	163,078	150,519	29,384
Selling U.S. dollars	Receivables	21,593		(201)
Interest rate swaps:				
Principle treatment— pay fixed / receive floating	Long-term loans	419,492	386,745	(4,586)
Special treatment (Note a)— pay fixed / receive floating	Long-term loans	10,898	9,274	
Financial energy swaps— Principle treatment:				
Receive fixed / pay floating	Receivables	24,136		1,623
Pay fixed / receive floating	Accounts payable	106,722		(49,216)
Total				\$ 63,852

Notes: a. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest charges. As a result, the fair values of interest rate swaps are included in those of hedged items (i.e., long-term loans) in Note 20.

b. The contract or notional amounts of derivatives, which are shown in the above table, do not represent the amounts exchanged by the parties and do not measure the Group's exposure to market risk.

22. COMMITMENTS AND CONTINGENCIES

At March 31, 2023, the Group had a number of fuel purchase commitments, most of which specify quantities and dates for fuel deliveries. However, most of purchase prices are contingent upon fluctuations in market prices.

a. Contingent Liabilities

Contingent liabilities at March 31, 2023, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Co-guarantees of loans, mainly in connection with procurement of fuel	¥ 78,043	\$ 584,421
Guarantees of employees' loans	36,442	272,892
Other	45,793	342,919

b. Loan Commitments

The Company has entered into the Shareholder Loan Agreement with Fukuoka International Airport Co., Ltd., and Kyuden International Corporation, a consolidated subsidiary of the Company, has entered into the Shareholder Loan Agreement with Senoko Energy Pte Ltd., respectively. The unexercised portion of loan commitments under each agreement as of March 31, 2023, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
Total loan limits	¥ 2,173	\$ 16,275
Loan executed		
Unexercised portion of loan commitments	2,173	16,275

23. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2023	2022	2023
Other comprehensive income:			
Unrealized gain on available-for-sale securities:			
Gains arising during the year	¥ 1,424	¥ 1,669	\$ 10,666
Reclassification adjustments to profit or loss	13	(88)	97
Amount before income tax effect	1,437	1,580	10,764
Income tax effect	(385)	(435)	(2,888)
Total	¥ 1,051	¥ 1,145	\$ 7,875
Deferred gain on derivatives under hedge accounting:			
Gains (losses) arising during the year	¥ 4,641	¥ (1,885)	\$ 34,754
Reclassification adjustments to profit or loss	3,571	4,887	26,743
Adjustments for amounts transferred to the initial carrying amounts of hedged items	(4,282)	(2,838)	(32,067)
Amount before income tax effect	3,930	163	29,430
Income tax effect	(1,186)	101	(8,887)
Total	¥ 2,743	¥ 264	\$ 20,542
Foreign currency translation adjustments:			
Gains arising during the year	¥ 5,686	¥ 2,381	\$ 42,585
Amount before income tax effect	5,686	2,381	42,585
Income tax effect	936	728	7,014
Total	¥ 6,623	¥ 3,109	\$ 49,600

Defined retirement benefit plans:			
(Losses) gains arising during the year	¥ (15,608)	¥ 1,780	\$ (116,885)
Reclassification adjustments to profit or loss	(1,311)	(1,032)	(9,818)
Amount before income tax effect	(16,919)	747	(126,703)
Income tax effect	4,753	(214)	35,594
Total	¥ (12,166)	¥ 533	\$ (91,108)
Share of other comprehensive income in nonconsolidated subsidiaries and affiliated companies:			
Gains arising during the year	¥ 5,593	¥ 713	\$ 41,884
Reclassification adjustments to profit or loss	454	871	3,400
Total	¥ 6,047	¥ 1,584	\$ 45,284
Total other comprehensive income	¥ 4,299	¥ 6,637	\$ 32,195

24. SEGMENT INFORMATION

(1) Description of reportable segments

The Group's reportable segments are those for which financial information is available separately and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of power generation and sale, electricity transmission and distribution, overseas, other energy services, information and communication technology ("ICT") services, and urban development.

- Power Generation and Sale segment: This segment is engaged in the business of power generation and retail electricity in Japan.
- Electricity Transmission and Distribution segment: This segment is engaged in the business of general transmission and distribution in Kyushu region.
- Overseas segment: This segment is engaged in the business of overseas power generation, transmission and distribution business.
- Other Energy Services segment: This segment is engaged in the business that provides a stable supply of electric power, such as construction and maintenance of electricity-related facilities, selling gas and LNG, selling coal, and a renewable energy business.
- ICT Services segment: This segment is engaged in the data communication business, optical broadband business, construction and maintenance of telecommunications facilities, information system development business, and data center business.
- Urban Development segment: This segment is engaged in the urban development business, real estate business and social infrastructure business.

(2) Methods of measurement for the amounts of sales, profit, assets and other items for each reportable segment The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about sales, profit, assets and other items at March 31, 2023 and 2022, was as follows:

Millions of Yen											
2023											
Reportable Segments											
Energy Services											
Domestic Electric Power											
	Power Generation and Sale	Electricity Transmission and Distribution	Overseas	Other Energy Services	ICT Services	Urban Development	Subtotal	Other (Note a)	Total	Reconciliations (Note b)	Consolidated (Note c)
Sales:											
Revenues from contracts with customers	¥ 1,702,223	¥ 230,883	¥ 2,712	¥ 108,208	¥ 86,309	¥ 7,429	¥ 2,137,767	¥ 3,948	¥ 2,141,715		¥ 2,141,715
Other revenue (Note d)	45,295	22,949	3,532	417	1,070	6,318	79,584		79,584		79,584
Sales to external customers	1,747,519	253,832	6,245	108,626	87,379	13,748	2,217,352	3,948	2,221,300		2,221,300
Intersegment sales or transfers	183,418	455,147		152,513	32,009	11,209	834,298	4,814	839,113	¥ (839,113)	
Total	¥ 1,930,937	¥ 708,980	¥ 6,245	¥ 261,140	¥ 119,389	¥ 24,957	¥ 3,051,650	¥ 8,763	¥ 3,060,414	¥ (839,113)	¥ 2,221,300
Segment profit (loss)	¥ (143,558)	¥ 14,120	¥ 4,459	¥ 29,240	¥ 6,526	¥ 3,218	¥ (85,994)	¥ 496	¥ (85,497)	¥ (1,130)	¥ (86,634)
Segment assets	4,423,383	1,956,923	215,585	475,478	212,169	148,516	7,432,056	15,230	7,447,287	(1,843,608)	5,603,678
Other:											
Depreciation	109,540	73,367	33	12,951	24,687	3,286	223,867	375	224,242	(3,228)	221,013
Interest income	9,620	72	924	187	4	46	10,856		10,856	(9,501)	1,355
Interest charges	22,584	9,320	3,301	1,868	186	108	37,370	67	37,438	(9,501)	27,936
Share of profit (loss) of entities accounted for using the equity method			4,620	4,759	92	14	9,486	(93)	9,392	(295)	9,096
Increase in property and nuclear fuel	140,984	121,362	28	12,637	28,790	8,352	312,154	233	312,388	(5,796)	306,592
Millions of Yen											
2022											
Reportable Segments											
Energy Services											
Domestic Electric Power											
	Power Generation and Sale	Electricity Transmission and Distribution	Overseas	Other Energy Services	ICT Services	Urban Development	Subtotal	Other (Note a)	Total	Reconciliations (Note b)	Consolidated (Note c)
Sales:											
Revenues from contracts with customers	¥ 1,382,809	¥ 171,728	¥ 1,255	¥ 77,125	¥ 80,539	¥ 8,169	¥ 1,721,627	¥ 3,892	¥ 1,725,519		¥ 1,725,519
Other revenue (Note d)	847	7,652	3,063	92	565	5,569	17,790		17,790		17,790
Sales to external customers	1,383,657	179,380	4,318	77,217	81,105	13,738	1,739,418	3,892	1,743,310		1,743,310
Intersegment sales or transfers	133,919	418,963	13	117,096	31,364	11,176	712,533	5,061	717,595	¥ (717,595)	
Total	¥ 1,517,576	¥ 598,343	¥ 4,332	¥ 194,314	¥ 112,470	¥ 24,915	¥ 2,451,951	¥ 8,954	¥ 2,460,905	¥ (717,595)	¥ 1,743,310
Segment profit (loss)	¥ (2,977)	¥ 7,183	¥ 2,448	¥ 18,896	¥ 6,105	¥ 3,275	¥ 34,931	¥ 986	¥ 35,918	¥ (3,533)	¥ 32,384
Segment assets	4,250,212	1,924,633	177,006	436,341	206,428	138,854	7,133,476	15,378	7,148,854	(1,816,504)	5,342,350
Other:											
Depreciation	115,008	71,798	26	12,276	24,079	3,056	226,245	338	226,583	(1,289)	225,293
Interest income	9,488	22	609	76	3	25	10,226		10,226	(9,397)	829
Interest charges	21,834	9,209	1,933	1,114	169	122	34,375	65	34,440	(9,397)	25,043
Share of profit (loss) of entities accounted for using the equity method			3,541	4,354	39	(122)	7,813	144	7,957	(340)	7,617
Loss on impairment of fixed assets	3,404	131					3,536		3,536		3,536
Increase in property and nuclear fuel	155,422	117,934	79	11,383	27,267	5,592	317,680	221	317,901	(5,763)	312,138

Thousands of U.S. Dollars											
2023											
Reportable Segments											
Energy Services											
Domestic Electric Power											
	Power Generation and Sale	Electricity Transmission and Distribution	Overseas	Other Energy Services	ICT Services	Urban Development	Subtotal	Other (Note a)	Total	Reconciliations (Note b)	Consolidated (Note c)
Sales:											
Revenues from contracts with customers	\$12,746,919	\$1,728,945	\$ 20,312	\$ 810,309	\$ 646,320	\$ 55,634	\$16,008,442	\$ 29,558	\$16,038,011		\$16,038,011
Other revenue (Note d)	339,190	171,855	26,455	3,129	8,013	47,318	595,962		595,962		595,962
Sales to external customers	13,086,110	1,900,801	46,767	813,438	654,333	102,952	16,604,405	29,568	16,633,973		16,633,973
Intersegment sales or transfers	1,373,507	3,408,326		1,142,082	239,700	83,939	6,247,556	36,054	6,283,610	\$(6,283,610)	
Total	\$14,459,618	\$5,309,127	\$ 46,767	\$1,955,521	\$ 894,033	\$ 186,892	\$22,851,961	\$ 65,622	\$22,917,584	\$(6,283,610)	\$16,633,973
Segment profit (loss)	\$(1,075,026)	\$ 105,738	\$ 33,393	\$ 218,961	\$ 48,873	\$ 24,101	\$(643,957)	\$ 3,719	\$(640,238)	\$ (8,512)	\$(648,751)
Segment assets	33,124,032	14,654,211	1,614,388	3,560,568	1,588,810	1,112,150	55,654,161	114,054	55,768,215	(13,805,666)	41,962,548
Other:											
Depreciation	820,282	549,405	251	96,988	184,868	24,608	1,676,405	2,808	1,679,214	(24,179)	1,655,034
Interest income	72,045	540	6,919	1,407	30	351	81,294	6	81,300	(71,152)	10,147
Interest charges	169,123	69,798	24,722	13,993	1,395	814	279,848	507	280,355	(71,152)	209,202
Share of profit (loss) of entities accounted for using the equity method			34,600	35,639	690	105	71,035	(703)	70,332	(2,212)	68,119
Increase in property and nuclear fuel	1,055,744	908,806	211	94,632	215,595	62,544	2,337,535	1,751	2,339,287	(43,405)	2,295,881

Notes: a. "Other" is a business segment not included in the reportable segments and includes paid nursing home business, office work outsourcing business, personnel dispatch business, etc.

b. Reconciliations of segment profit (loss) and segment assets are intersegment transaction eliminations.

c. Segment profit (loss) is adjusted to reflect ordinary income.

Ordinary income is calculated by adding interest income, dividends, share of profit of entities accounted for using the equity method and other income to, and deducting interest charges and other expenses from operating income.

d. Other revenue of power generation and sale, electricity transmission and distribution other energy services and ICT services include subsidies which is described in Note 27, and the amounts of subsidies are ¥44,777 million (\$335,307 thousand), ¥1,298 million (\$9,719 thousand), ¥323 million (\$2,418 thousand), and ¥27 million (\$202 thousand), respectively.

Geographic segment information is not disclosed because the Group's overseas operations are immaterial.

Information for overseas sales is not disclosed due to overseas sales being immaterial compared with consolidated net sales.

(4) Change in reportable segments

The Group changed its policy for measurement of segment performance to monitor the achievement of the interim financial targets (2025) to realize the vision and business targets described in the "Kyuden Group Management Vision 2030." In accordance with this change, the Group changed its reportable segments from power generation and sale, electricity transmission and distribution, other energy services, ICT services and other to power generation and sale, electricity transmission and distribution, overseas, other energy services, ICT services and urban development for the year ended March 31, 2023.

The segment information for the year ended March 31, 2022, is also disclosed using the new operating segments.

25. SUBSEQUENT EVENTS

a. Appropriation of Surplus

At the Board of Directors' meeting held on April 28, 2023, the Company resolved to submit a proposal for the transfer of surplus to the general shareholders' meeting held on June 28, 2023. It was approved and became effective on the same date.

(1) Purpose of appropriation of surplus

The Company recorded a loss of ¥21,623 million (\$161,925 thousand) in retained earnings in the nonconsolidated balance sheet as of March 31, 2023. In light of this situation and to adapt capital policy flexibly to changes in the business environment, the Company will transfer a portion of other capital surplus to retained earnings in accordance with Article 452 of the Companies Act.

(2) Overview of the appropriation of surplus

(a) Account item and amount of decreasing surplus

Other capital surplus: ¥21,623 million (\$161,925 thousand)

(b) Account item and amount of increasing surplus

Retained earnings: ¥21,623 million (\$161,925 thousand)

(3) Schedule for the appropriation of surplus

- (a) April 28, 2023 Date of resolution for the Board of Directors
- (b) June 28, 2023 Date of resolution for the general meeting of shareholders
- (c) June 28, 2023 Effective date for the appropriation

b. Issuance of Class B Preferred Stock by Third-Party Allotment

At the Board of Directors' meeting held on April 28, 2023, the Company resolved to submit the issuance of Class B preferred stock via a third-party allotment (hereinafter the "Class B Preferred Stock") for consideration at the general shareholders' meeting held on June 28, 2023, where it was approved.

(1) Overview of the issuance of the Class B Preferred Stock

(a) Payment date (issue date)	August 1, 2023
(b) Class and number of new shares to be issued	2,000 shares of Class B Preferred Stock
(c) Issue price	¥100 million (\$748 thousand) per share
(d) Total amount of the issue price	¥200,000 million (\$1,497,678 thousand)
(e) Preferred dividend	¥2.9 million (\$21 thousand) per share
(f) Method of offering or allotment	Third-party allotment
(g) Allottee	Mizuho Bank, Ltd. 800 shares Development Bank of Japan Inc. 800 shares MUFG Bank, Ltd. 400 shares
(h) Amount of capital increase	¥100,000 million (\$748,839 thousand)
(i) Amount of additional paid-in capital increase	¥100,000 million (\$748,839 thousand)

(2) Uses of proceeds

A part of the proceeds from issuance of the Class B Preferred Stock are planned to be used in acquisition of Class A preferred stock issued by the Company (hereinafter the "Class A Preferred Stock").

The other part of the proceeds is planned to be used to capital expenditures and investments in new projects that will contribute to achieve carbon neutrality by 2050 and the sustainable growth of the Group.

(3) Other important matters

Shareholders holding the Class B Preferred Stock may receive dividends prior to common shareholders.

The Class B Preferred Stock will not dilute the common stock because it does not come with voting rights for the general shareholders' meeting, nor does it come with call provisions or put options using common stock as consideration.

c. Reduction of Capital Stock and Additional Paid-in Capital Concurrent with Class B Preferred Stock Issuance

At the Board of Directors' meeting held on April 28, 2023, the Company resolved that capital stock and additional paid-in capital be reduced by the same amount as the issue price and transferred to other capital surplus at the same time as the issuance of Class B Preferred Stock.

(1) Purpose of reducing capital stock and additional paid-in capital

In order to secure an adequate distributable amount necessary for acquiring the Class A Preferred Stock, a decision was taken to reduce capital stock and additional paid-in capital at the same time as issuing the Class B Preferred Stock, and to transfer an amount equivalent to other capital surplus, which constitutes the distributable amount.

(2) Overview of capital stock and additional paid-in capital reduction

(a) Amount of capital stock reduction

¥100,000 million (\$748,839 thousand)

Details: ¥100,000 million (\$748,839 thousand), corresponding to the capital stock increase from the issuance of the Class B Preferred Stock

(b) Amount of capital reserve reduction

¥100,000 million (\$748,839 thousand)

Details: ¥100,000 million (\$748,839 thousand), corresponding to the additional paid-in capital increase from the issuance of the Class B Preferred Stock

(c) Method of capital stock and capital reserve reduction

The Company will reduce capital stock and additional paid-in capital as overviewed above in accordance with the Companies Act, and will transfer the amounts equivalent to the reductions to other capital surplus.

(3) Schedule for capital stock and additional paid-in capital reduction

April 28, 2023	Resolution at the Board of Directors' meeting
June 30, 2023	Date of public notice for creditors to raise objections
July 31, 2023	Deadline for creditors to raise objections
August 1, 2023 (scheduled)	Effective date

(4) Other important matters

The reduction of capital stock and additional paid-in capital will become effective on condition that the issuance of the Class B Preferred Stock takes effect. In addition, the capital stock and additional paid-in capital reduction will not result in a reduction in the number of shares outstanding.

d. Acquisition and Cancellation of Class A Preferred Stock

At the Board of Directors' meeting held April 28, 2023, in connection with the issuance of the Class B Preferred Stock, the Company resolved to acquire the Class A Preferred Stock in accordance with Article 12.8 of its articles of incorporation (provisions concerning acquisition for monetary consideration) and to cancel the Class A Preferred Stock.

(1) Details of matters concerning acquisition

(a) Class of the target stock	Class A Preferred Stock issued by Kyushu Electric Power Co., Inc.
(b) Number of shares acquired	1,000 shares
(c) Acquisition price	¥102 million (\$769 thousand) per share
	The acquisition price above has been calculated in accordance with the stipulations of the company articles of incorporation. (Formula for base price) Monetary consideration acquisition price per share = ¥100 million (\$748 thousand) + Cumulative unpaid Class A preferred dividend amount + Previous business year unpaid Class A preferred dividend amount + Current business year unpaid Class A preferred dividend amount
(d) Total acquisition price	¥102,822 million (\$769,975 thousand)
(e) Buy-back from	Mizuho Bank, Ltd. Development Bank of Japan Inc. MUFG Bank, Ltd.
(f) Scheduled date of acquisition	August 1, 2023

(2) Details of matters concerning cancellation

(a) Class of the target stock	Class A Preferred Stock issued by Kyushu Electric Power Co., Inc.
(b) Number of shares canceled	1,000 shares
(c) Scheduled date of cancellation	August 1, 2023

(3) Other important matters

The acquisition and cancellation of the Class A Preferred Stock will become effective on condition that the issuance of the Class B Preferred Stock and the concurrent reduction of capital stock and additional paid-in capital take effect.

26. NET INCOME PER SHARE

Basic EPS for the years ended March 31, 2023 and 2022, were as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income (Loss) Attributable to Owners of the Parent	Weighted-Average Shares		EPS
Year Ended March 31, 2023				
Net loss attributable to owners of the parent	¥ (56,429)			
Amount not attributable to common shareholder—Preferred dividend	(2,100)			
Basic EPS—Net loss available to common shareholders	¥ (58,529)	472,753	¥ (123.81)	\$ 0.92

Year Ended March 31, 2022

Net income attributable to owners of the parent	¥ 6,873			
Amount not attributable to common shareholder—Preferred dividend	(2,100)			
Basic EPS—Net income available to common shareholders	¥ 4,773	472,851	¥ 10.09	

27. ADDITIONAL INFORMATION

Rising electricity and city gas prices due to soaring energy prices against the background of global situation have had a far-reaching impact on economy of Japan and society, and the economic burden on households and entities is expected to be increased.

In response to this situation, the Group has discounted unit prices of electricity and city gas to the discount prices set by the government of Japan as a political measure to mitigate the economic burden on the people.

The discount is funded by subsidies from the government of Japan.

For the year ended March 31, 2023, the Group recorded such subsidies as "Revenues from Electricity Business" and "Revenues from Other Business." These amounts are ¥45,093 million (\$337,674 thousand) and ¥1,333 million (\$9,982 thousand), respectively.